

# Kate Sayer: Setting the right tone

20 February 2019

Boards should take the lead in creating the right organisational culture



*Kate Sayer*

As part of their leadership role, boards set the tone for the way that the organisation handles financial matters. The treasurer might lead on this, but cannot achieve it alone, so will need to work with the chair and the managers of the charity.

Sometimes organisations that have experienced problems in the past move towards a culture of compliance. It is an understandable reaction, but it might be disproportionate. This type of culture is also typified in a "command-and-control" hierarchy or a "rules-based" organisation. The danger in this

culture is that staff and volunteers will not offer challenge or question what they are being asked to do.

The other effect of such a culture is that people will be reluctant to bring forward new information or feedback that suggests things are not going well, and might feel that they have to cover up mistakes. In this environment, boards are not seeing everything and staff are not being open with boards for fear of rebuke. This culture might exist in relationships between the managers and staff too.

At the other extreme, a cavalier attitude to controls is equally problematic. If the senior people in an organisation say things such as "don't bother with the forms, it'll be fine", then that is encouraging lax processes and non-compliance. Sending a message that some procedures should be followed but others are not important is problematic – how do staff and volunteers know what you care about? If you have procedures, everyone should follow them. If the procedures are not fit for purpose because they are too cumbersome or unnecessarily restrictive, then get the right people to change them.

Setting the right tone on small things can give everyone a clear example, such as completing expense claims properly and on time. If the chair reviews the chief executive's expenses, this helps to convey the message that we all have to follow the procedures and no one is above the law.

Organisations with a social purpose work to a set of values that articulate how they want to achieve their mission. Boards and managers work together to articulate the values and embed them across the whole organisation. However, it is easy to forget the values when you are looking at a set of numbers.

For example, a charity raising significant funds from the public adopts a code of fundraising ethics. This translates the charity's values into the behaviour the board wishes to see in

fundraising. The code is shared with all staff and placed on the website. At a board meeting, the financial update shows that income is significantly below target. The board hears how the head of fundraising plans to catch up with the income target in the second half of the year. At this point it is important that the message to managers and staff is not "get the income in, come what may". It is a challenge, but values-based organisations look for ways to bring financial and social purpose together.

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